

## **PLANTWIDE APPLICABILITY LIMITS (PALs)**

A plantwide applicability limit (PAL) is a voluntary option that allows a major stationary source to manage emissions without triggering major new source review. EPA's new PAL program is based on plantwide actual emissions. If the emissions are maintained below a plantwide actual emissions cap (an "actuals PAL"), then the facility may avoid major NSR permitting process when it makes alterations to the facility or individual emissions units. In return for this flexibility, the facility must monitor emissions from all emissions units under the PAL, including recordkeeping, monitoring, and reporting.

The PAL option provides a voluntary alternative for determining NSR applicability. Actuals PALs are rolling 12-month emissions caps (in tpy limits) that include all conditions necessary to make the limitation enforceable as a practical matter. PALs are allowed on a pollutant-specific basis. Sources may also opt for actuals PALs for more than one pollutant. Major NSR applicability provisions continue to apply at a facility to air pollutants which have no PAL.

### **General requirements.**

To obtain a PAL, the source must submit an application containing:

- a list of all emissions units and their size;
- federal and state requirements, emission limitations, and work practice requirements to which each emissions unit is subject; and
- baseline actual emissions, including any quantifiable fugitive emissions, for the emissions units.

Based on this application, the department will establish a PAL in a federally enforceable permit—for example, a "minor" NSR construction permit, a major NSR permit, or the operating permit program.

A PAL permit must undergo a 30-day public comment period. If the PAL is established in a major NSR permit, major NSR public participation procedures apply. When establishing a PAL, the source must comply with all applicable requirements of the department's minor NSR program, including modeling. Additionally, the source must meet all title V requirements. When adding new emissions units under a PAL, the source must comply with minor NSR permit requirements for public comment. In contrast, when adding new emissions units that will require an increase in a PAL, the source must comply with the department's major NSR permit requirements for public comment.

### **How the PAL level is determined.**

Generally, the PAL level for a specific pollutant is calculated by summing the baseline actual emissions of the PAL pollutant for each emissions unit, then adding an amount equal to the applicable significant level.

The source must identify all existing emissions units (greater than 2 years of operating history) and new emissions units (less than 2 years of operating history since construction). When establishing the actuals PAL level, the source must calculate the baseline actual emissions from existing emissions units that existed during the 24-month period described below. The baseline actual emissions will equal the average rate, in tpy, at which the emissions units emitted the PAL pollutant during a consecutive 24-month period, within the 10-year period immediately preceding the PAL application.

Sources have broad discretion in selecting the consecutive 24-month period in the last 10 years to determine the baseline actual emissions. Only one consecutive 24-month period may be used to determine the baseline actual emissions for such existing emissions units. For any emissions unit that is constructed after the 24-month period, emissions equal to its PTE must be added to the PAL level. Additionally, if an emissions unit is permanently shut down since the 24-month period, its emissions must be subtracted from the PAL level.

Different rules apply for determining baseline actual emissions for EUSGUs. The baseline actual emissions for an emissions unit cannot exceed the limitation allowed by the permit or any newly applicable state or federal rules in effect at the time the PAL is set. This means that for the purpose of setting the PAL, baseline actual emissions for an emissions unit will include an adjustment downward to reflect currently applicable requirements. Additionally, a reduced PAL level will be specified in the permit to become effective on the future compliance dates of any applicable federal or state requirements.

### **Duration, expiration, and termination.**

The term of a PAL is 10 years. At least 6 months prior to, but not earlier than 18 months from, the expiration date of a PAL, the source must request either renewal or expiration of the PAL. If this deadline is met, the existing PAL will continue as an enforceable requirement until the department renews the PAL.

If a source requests expiration of the PAL, it must submit a proposed approach for allocating the PAL among its existing emissions units. The department decides whether and how the allowable emission limitations will be allocated. As under the PAL, emissions units must comply with their allowable emission limitations on a 12-month rolling basis. However, the department may accept a variety of monitoring systems to demonstrate compliance.

Until the revised permit with allowable emission limitations covering each emissions unit is issued, the source must comply with a source-wide multi-unit emissions cap equivalent to the PAL level. After a PAL expires, physical or operational changes will no longer be evaluated under the PAL applicability provisions.

Notwithstanding PAL expiration, the source must continue to comply with state and federal requirements for a specific emissions unit. When the PAL expires, none of the federal NSR limits, which the PAL originally eliminated, would return.

EPA's rules do not contain specific provisions related to terminating a PAL. Such decisions are handled between the source and the department.

### **Renewal.**

As previously discussed, a source must submit an application to renew a PAL at least 6 months prior to, but not earlier than 18 months from, the PAL expiration date. If a complete application to renew the PAL is submitted by this deadline, the existing PAL will continue as an enforceable requirement until the department issues the permit with the renewed PAL. As part of the renewal application, the source must recalculate and propose its maximum PAL level, taking into account newly applicable requirements and the factors described below.

The department will review the application and issue a proposed permit for public comment. As part of this process, the department will provide a rationale for the proposed PAL level. If the source's PTE has declined below the PAL level, the PAL will be adjusted downward so that it does not exceed the source's PTE.

In addition, the department may renew the PAL at the same level without consideration of other factors, if the sum of the baseline actual emissions for all emissions units at the source plus an amount equal to the significant level is equal to or greater than 80 percent of the PAL level. However, if the baseline actual emissions plus an amount equal to the significant level is less than 80 percent of the PAL level, the department may set the PAL at a level that it finds to be more representative of the source's baseline actual emissions, or that it finds appropriate considering air quality needs, advances in control technology, anticipated economic growth, or other factors.

In some cases, the department may exercise its discretion in deciding that an adjustment is not warranted. If a source would ordinarily be subject to a downward adjustment, but the department believes such an adjustment is not appropriate, the source may propose another level. The department may approve the level that the source proposes if it determines that the level is reasonably representative of the source's baseline actual emissions. Similarly, the department may determine that a lower level best represents the baseline actual emissions from the source.

As with the initial PAL, renewed PALs are effective for 10 years.

### **PAL adjustments during the effective period.**

The department may allow an increase in a PAL during the effective period if the source is adding new emissions units or changing existing emissions units in a way that would cause an exceedance of its PAL. However, EPA only allows such an increase if the

source would not be able to maintain emissions below the PAL level, even if it assumed application of BACT-equivalent controls on all existing major and significant units. Such units must be adjusted for current BACT levels of control unless they are currently subject to a BACT or LAER requirement that has been determined within the preceding 10 years, in which case the assumed control level must be equal to the emissions unit's existing BACT or LAER control level. The PAL permit must require that the increased PAL level will be effective on the day any emissions unit that is part of the PAL major modification becomes operational and begins to emit the PAL pollutant.

Proposed new emissions units and existing emissions units undergoing a change must go through major NSR permitting, regardless of the magnitude of the proposed emissions increase. This is because the significant level for the pollutant is incorporated into the PAL. These emissions units must comply with any emissions requirements resulting from the major NSR process, even though they have also become subject to the PAL program or remain subject to the PAL.

To request a PAL increase, the source must submit a complete major NSR permit application. As part of this application, the source must demonstrate that the sum of the following exceeds the PAL:

- baseline actual emissions of its small emissions units.
- baseline actual emissions from its significant and major emissions units.
- allowable emissions of the new or modified existing emissions unit(s).

After the department has completed the major NSR process, and determined the allowable emissions for the new or modified emissions units, the department will calculate the new PAL as the sum of the allowable emissions of the new or modified emissions units, plus the sum of the baseline actual emissions of the small emissions units, plus the sum of the baseline actual emissions from significant and major emissions units adjusted for the appropriate BACT level of control. The department will modify the PAL permit to reflect the increased PAL level pursuant to public notice.

During the term of the PAL, at PAL renewal or at title V permit renewal, the department may reopen a PAL permit and adjust the PAL level, either upward or downward.

The department *must* reopen the permit:

- to correct typographical or calculation errors or to reflect a more accurate determination of emissions used to establish the PAL;
- to reduce the PAL if the source owner creates creditable emissions reductions for use as offsets; or
- to revise a PAL to reflect an increase in the PAL.

The department *may* reopen the permit to:

- reduce the PAL to reflect newly applicable federal requirements with compliance dates after the PAL effective date;

- reduce the PAL consistent with any other requirement that is enforceable as a practical matter, and that the state may impose on the major stationary source under the SIP; or
- reduce the PAL if necessary to avoid causing or contributing to a NAAQS or PSD increment violation, or to an adverse impact on an AQRV that has been identified for a Federal Class I area.

While the department is not required to immediately reopen the PAL permit to reflect newly applicable federal or state regulatory requirements that become effective during the PAL effective period, the PAL must be adjusted at the time of the source's title V permit renewal or PAL permit renewal. Notwithstanding, the department may reopen the PAL permit to reduce the PAL to reflect newly applicable federal or state requirements before EPA otherwise requires.

### **Elimination of existing emission limitations.**

An actuals PAL may eliminate enforceable permit limits a source may have previously taken to avoid NSR applicability to new or modified emissions units. Under the major NSR regulations, if a source relaxes these limits, the units become subject to major NSR as if construction had not yet commenced. Should a PAL be requested, the PAL may eliminate annual emissions or operational limits that were previously taken at the stationary source to avoid major NSR for the PAL pollutant. This means that the source may relax or remove these limits without triggering major NSR when the PAL becomes effective. Before removing the limits, the department should make sure that the source meets all other regulatory requirements and that the removal of the limits does not adversely affect the NAAQS or PSD increments. The department may assess, on a case-by-case basis, whether any streamlining would be appropriate in the title V permit.

### **Monitoring requirements.**

Each permit must contain enforceable requirements that accurately determine plantwide emissions. A PAL monitoring system must consist of one or more of four standard approaches allowed by EPA, or an alternative approach if approved by the department. Use of monitoring systems that do not meet the minimum requirements approved by the department renders the PAL invalid. Any monitoring system authorized for use in the PAL permit must be based on sound science and must conform to generally acceptable scientific procedures for data quality and manipulation.

In return for the increased operational flexibility of a PAL, the permit must include sufficient data collection requirements to ensure compliance with the PAL at all times. In addition, the PAL permit must contain enforceable provisions that ensure that the monitoring data meet the minimum legal requirements for admissibility in a judicial proceeding to enforce the PAL permit.

### **Title V permits.**

As discussed previously, a PAL is established in a federally enforceable permit using either the minor or the major NSR permit process, eventually rolling these requirements into the title V permit. The department's rules for establishing or renewing PALs must include a public participation process prior to permit approval of the PAL, including a 30-day comment period. PALs established through the major NSR process are subject to major NSR public participation requirements. When adding a new emissions unit under an established PAL, the source must comply with the minor NSR permit requirements for public comment.

The process for incorporating the conditions of a PAL into the title V permit depends on whether the initial title V permit has already been issued. If the initial title V permit has not been issued, a PAL created in a minor or major NSR permit would be incorporated during initial issuance of the title V permit. If the initial title V permit has already been issued, the PAL would be incorporated through the state's operating permit modification procedures. EPA recommends that title V permits be renewed concurrently with issuance of PALs.

Once a PAL is established, a change at a facility is exempt from major NSR and netting calculations, but may require a title V permit modification. Whether a title V permit modification would be required, and which permit modification process would be used, is governed by the state's operating permit procedures.